

<b>Title: The Common rules for access to the international market for coach and bus services (Amendment etc.) (EU Exit) Regulations 2019</b> <b>IA No: DfT00402</b>  <b>RPC Reference No: RPC-RPC-4305(1) DfT</b> <b>Lead department or agency: Department for Transport</b> <b>Other departments or agencies:</b>	<b>Impact Assessment (IA)</b>
	<b>Date: 18/10/18</b>
	<b>Stage: Final</b>
	<b>Source of intervention: Domestic</b>
	<b>Type of measure: Secondary Legislation</b>
	<b>Contact for enquiries: Laura Teale</b> laura.teale@dft.gsi.gov.uk
<b>Summary: Intervention and Options</b>	<b>RPC Opinion: GREEN</b>

Cost of Preferred (or more likely) Option				
Total Net Present Value	Business Net Present Value	Net cost to business per year (EANDCB in 2014 prices)	One-In, Three-Out	Business Impact Target Status
n/a	n/a	n/a	n/a	Non-qualifying provision

**What is the problem under consideration? Why is government intervention necessary?**

International coach services between the UK and other EU Member States are governed by EU rules (set out in Regulation 1073/2009 on common rules for access to the international market for coach and bus services). When the UK leaves the EU, those rules will be retained in UK domestic law by the provisions of the EU (Withdrawal) Act 2018, but they and other implementing GB domestic legislation will cease to have effect (i.e. EU coaches may be unable to enter the UK in a no-deal scenario) unless amendments are made to account for the UK no longer being a Member State.

**What are the policy objectives and the intended effects?**

The primary policy objective of this SI is to minimise disruption to cross-border bus services (and so minimise disruption to UK and EU passengers) by ensuring that in a no-deal scenario, EU vehicles may continue to operate in the UK after the UK leaves the EU, to perform the same types of work as they do now, and with process changes (where required) kept to a minimum. The Government's wider policy objective for international coach travel after EU Exit is to negotiate a comprehensive deal with the EU which provides for continued reciprocal rights. The UK also intends to re-join the Interbus Agreement as an independent contracting party.

**What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)**

0. Baseline

0.1 Current arrangements/status quo: There is a reciprocal liberalised market access for regular (scheduled) and occasional (non-scheduled) coach services between the UK and the European Union. This is set out in EU regulation 1073/2009. There is market access for occasional services between the EU (including the UK) and a number of other non EU countries through the Interbus agreement.

0.2 Do nothing: The UK leaves the EU on the 29<sup>th</sup> March 2019. Following this UK coach operators no longer have market access to the EU and the EU coach operators no longer have access to the UK. The UK does not join the Interbus agreement in its own right.

1. Preferred Option: The Common rules for access to the international market for coach and bus services (Amendment etc.) (EU Exit) Regulations 2019. These regulations will allow the UK to unilaterally provide access to EU operators to the UK. EU operators of regular and special regular services (scheduled services) will need to apply directly to the International Road Freight Office who will authorise their services. EU Operators running occasional services (all services not classed as regular) will require the same documents as they hold currently.

**Will the policy be reviewed? No. If applicable, set review date: N/A**

Does implementation go beyond minimum EU requirements?

Are any of these organisations in scope?	<b>Micro</b>	<b>Small</b>	<b>Medium</b>	<b>Large</b>
What is the CO <sub>2</sub> equivalent change in greenhouse gas emissions? (Million tonnes CO <sub>2</sub> equivalent)	<b>Traded: n/a</b>		<b>Non-traded: n/a</b>	

***I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.***

Signed by the responsible : N.Ghani		Date:	3/2/2019
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## Summary: Analysis & Evidence

## Policy Option 1 (Preferred Option)

**Description:** The Common rules for access to the international market for coach and bus services (Amendment etc.) (EU Exit) Regulations 2019. This will allow the UK government to unilaterally provide access to the UK for EU operators.

### FULL ECONOMIC ASSESSMENT

Price Base Year 2019	PV Base Year 2019	Time Period Years	Net Benefit (Present Value (PV)) (£m)		
			Low: NQ	High: NQ	Best Estimate: NQ

COSTS (£m)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	NQ	NQ	NQ	NQ
High	NQ		NQ	NQ
Best Estimate	NQ		NQ	NQ

#### Description and scale of key monetised costs by 'main affected groups'

**Cost to Government** – there will be increased costs to the International Road Freight Office (IRFO.) This legislation will allow the IRFO to accept and process applications for authorisations to run regular (i.e. scheduled) services to the UK from EU coach operators directly. Previously, authorisations for regular services were accepted by competent authorities in EU member states. This will require marginal additional resource to be committed by the International Road Freight Office, however we don't expect this to be a significant increase in their workload.

#### Other key non-monetised costs by 'main affected groups'

**Costs to EU Operators**- There will be increased costs for EU operators, as they will have to apply to the International Road Freight Office. We estimate that there are approximately 150 EU operators who would have to apply for an authorisation. The costs include additional postage costs and translation fees. These are not likely to be significant and have not been monetised.

BENEFITS (£m)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)

<b>Low</b>	NQ	NQ	NQ	<b>NQ</b>
<b>High</b>	NQ		NQ	<b>NQ</b>
<b>Best Estimate</b>	NQ		NQ	<b>NQ</b>

**Description and scale of key monetised benefits by ‘main affected groups’**

None

**Other key non-monetised benefits by ‘main affected groups’**

The legislation would allow the UK to unilaterally allow EU operators to access the UK. It ensures that UK residents and overseas visitors are still able to travel by coach between the UK and the EU. This mitigates against the immediate risks faced in the do nothing scenario. There were 3.6 million passengers who travelled by coach between the UK and the EU in 2016. All of these passengers would benefit from this regulation compared to the do nothing scenario. This is unlikely to be required as the UK intends to make a deal with the EU but it is a necessary contingency arrangement should a deal not be possible.

**Key assumptions/sensitivities/risks**

- Number of applications for authorisations
- Number of hours required for the IRFO to process authorisation applications

**Discount rate (%)**

3.5%

**BUSINESS ASSESSMENT (Option 2)**

<b>Direct impact on business (Equivalent Annual) £m:</b>			<b>In scope of OITO?</b>	<b>Measure qualifies as</b>
<b>Costs: NQ</b>	<b>Benefits: NQ</b>	<b>Net: NQ</b>		

# Evidence Base

## Background

### Leaving the EU

The United Kingdom is in the process of leaving the European Union and we are negotiating our future economic partnership with the EU. We have always been clear that we want a deal that works for the UK economy and one that works for the EU27. We are confident that a future partnership between the UK and EU is in the interests of both sides, so we approach these negotiations anticipating success.

These regulations do not change the requirements to carry out bus and coach services in the EU, which is subject to negotiations. This Impact Assessment measures the impact of the regulations as they are presented to Parliament now, affecting the current system which permits vehicles from other EU Member States to operate in the UK.

The UK intends to join the Agreement on the international occasional carriage of passengers by coach and bus (the Interbus Agreement). The Interbus Agreement provides for liberalised, occasional coach services (e.g. holidays, school trips, private tours) between the contracting parties, currently the EU and 7 states in Eastern Europe<sup>1</sup>. The UK, as a full member of the European Conference of Ministers of Transport (the ECMT) is eligible to join independently once no longer an EU Member State, and this would provide reciprocal rights to run occasional services between the UK and the EU. It is also proposed that the Interbus Agreement is extended to cover regular (scheduled) services between the parties; the protocol to achieve this is currently open for signatures. If sufficient contracting parties sign it, it may come into force before March 2019, but it could be later

These regulations provide a backstop. The Government expects UK membership of the Interbus Agreement to come into force on 29 March 2019. However, if for any reason this is delayed, the regulations would mitigate service disruption by allowing EU vehicles to operate in the UK. If membership of Interbus does come into force as expected on 29 March 2019, but the agreement has not been extended to cover regular services, these regulations will minimise disruption to regular international services. Membership of Interbus will continue to apply to the UK during any Implementation Period (IP).

### International coach travel in the EU

International coach services are an important mode of transport. There are approximately 3.6 million journeys to and from the GB by coach each year. 1.6 million overseas visitors travel to Great Britain by coach (4% of all visits) and 1.1 million GB residents travel abroad by coach (1.5% of all visits). There are an additional 900,000 border crossings between the Republic of Ireland and Northern Ireland.<sup>2</sup>

The vast majority of coach travel from the UK is to the EU. 83% of coach visits to Great Britain are from EU countries and 99% of coach visits from Great Britain are to the EU. The majority of these were from/to near continental Europe:<sup>3</sup>

	<b>Number of visits by UK residents by coach</b>	<b>Number of overseas visitors by coach</b>
<b>France</b>	451,000	462,000
<b>Belgium</b>	219,000	161,000

<sup>1</sup> Albania, Bosnia-Herzegovina, Former Yugoslav Republic of Macedonia, Moldova, Montenegro, Turkey, Ukraine.

<sup>2</sup>ONS Living Abroad, Dynamics of Migration between the UK and Ireland.

<https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/articles/livingabroad/2017-09-21>

<sup>3</sup> International Passenger Survey 2017, Table 4.08 and Table 5.08

<https://www.ons.gov.uk/peoplepopulationandcommunity/leisureandtourism/datasets/ukresidentsvisitsabroad>,  
<https://www.ons.gov.uk/peoplepopulationandcommunity/leisureandtourism/datasets/overseasresidentsvisitsstoheuk>

<b>Netherlands</b>	100,000	131,000
<b>Germany</b>	73,000	266,000

EU regulations break down international coach services into three different types of services. Regular services are scheduled services with fixed stopping points (e.g. Flixbus or National Express services.) Special regular services are regular services which are only open to specific groups (e.g. scheduled work services.) Occasional services are all other services (e.g. school trips, ski trips and tour groups.)

For many passengers coach services make international travel possible. School trips rely on the flexible and direct nature of coach travel. Similarly coach travel enables travel for elderly tour groups, who would struggle to use other modes of travel. Regular services tend to be considerably cheaper than alternative modes (aviation, rail, private transport) and therefore are particularly attractive to low income groups. This shows the important role coach services play in enabling tourism to the UK and UK residents to travel abroad.

The current regulations permit different service types on different terms. All service types require an operator to hold an EU Community Licence, and to meet EU vehicle and driver requirements:

- Occasional services require completion of a control document, detailing the service itinerary and passengers. This must be held on the vehicle during the journey.
- Regular services must have an authorisation. Operators submit an application (including their proposed timetable) to the competent authority in their home Member State – for the UK, applications are handled by the International Road Freight Office. The body which handles the application must notify other Member States on the requested route, and the application must be processed within four months of receipt. Applications may only be refused for the reasons specified in Article 8 of 1073/2009.
- Special Regular Services (regular services for specific categories of people, e.g. taking groups of employees to work or pupils to school) are exempt from authorisation if there is a contract in place between the operator and the organiser. If there is no contract, the service requires authorisation as per normal regular services.

### International coach travel beyond the EU

The Interbus Agreement, as described earlier, currently allows liberalised occasional international coach travel between the UK (as part of the EU) and the other Interbus contracting parties. Coaches must carry a control document of a format essentially the same as the EU version.

### **Problem under consideration and rationale for intervention**

International coach services between the UK and other EU Member States are governed by EU rules (set out in Regulation 1073/2009 on common rules for access to the international market for coach and bus services). When the UK leaves the EU, those rules will be retained in UK domestic law by the provisions of the EU (Withdrawal) Act 2018, but they and other implementing GB domestic legislation will cease to have effect (i.e. EU coaches may be unable to enter the UK in a no-deal scenario) unless amendments are made to account for the UK no longer being a Member State. Legal inoperabilities in retained EU legislation, or GB domestic legislation which implements EU legislation, cannot be fixed without Government intervention.

The Government is confident that a future partnership between the UK and EU can be successfully negotiated. However, it is responsible to plan for all eventualities, and this SI intervention is necessary to minimise service disruption should no deal be reached.

### **Policy Objectives**

The primary policy objective of these regulations is to minimise disruption to cross-border bus services (and so minimise disruption to UK and EU passengers) by ensuring that in a no-deal scenario, EU

vehicles may continue to operate in the UK after the UK leaves the EU, to perform the same types of work as they do now, and with process changes (where required) kept to a minimum.

The Government's wider policy objective for international coach travel after EU Exit is to negotiate a comprehensive deal with the EU which provides for continued reciprocal rights, and for the UK to re-join the multilateral Interbus Agreement as an independent contracting party.

## **Consultation**

These regulations have not been subject to consultation. Their intention is to preserve the status quo, so far as is within the UK's power to do so.

## **Description of options considered (including baseline)**

### **1. Baseline**

#### **0.1 Status quo - current arrangements**

In this scenario, the UK has market access to the EU through EU Regulation 1073/2009. This enables market access for both UK operators to the EU and EU operators to the UK. In order to run a service an operator needs a community licence. Operators are allowed to carry out cabotage (picking up and dropping off passengers in another member state) in specified circumstances.

The regulation categorises services into regular, special regular and occasional services.

Operators of regular services need to apply for and receive authorisations from the competent authority in their country. The competent body contacts other member states affected and requires their approval before issuing the authorisation. For example if an UK operator wanted to run a service between London and Paris, they would apply for an authorisation to the International Road Freight Office, who would then need to inform the relevant French body and gain their approval (approval is granted by default if there is no reply within two months, and refusals may only be on the grounds specified in Regulation 1073/2009<sup>4</sup>)

UK operators of occasional services have access to a number of other European countries through the Interbus Agreement. The Interbus agreement is an agreement between the EU and Albania, Bosnia - Herzegovina, Moldavia, Macedonia, Moldova, Montenegro, Turkey and Ukraine. The Interbus agreement excludes cabotage and (as of August 2018) regular services.

#### **1.2 Do nothing – no legislation or international agreement**

In this scenario the UK leaves the EU without any agreement on international coaches. There is no longer reciprocal market access between the UK and the EU. EU operators cannot provide services to the UK and UK operators cannot provide services to the EU. The UK is no longer an automatic member of Interbus, as it is no longer in the European Union.

#### **Option 1 (Preferred Option): The Common rules for access to the international market for coach and bus services (Amendment etc.) (EU Exit) Regulations 2019**

These regulations will allow the UK to unilaterally provide access to EU operators to the UK. The conditions for entering the UK will vary between service types:

- **Regular Services, and Special Regular services not covered by a contract between the organiser and operator:** EU operators will need to apply directly to the International Road Freight Office for authorisations. The regulations will also provide that any service authorisations in place as of 29 March 2019 will continue to be recognised until their expiry date.

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<sup>4</sup> The grounds for rejection are: the operator does not have the facilities to operate the service, the operator has not complied with other national and international legislation on road transport, the operator has previously breached authorisation conditions, the service would seriously affect the viability of a public service contract or if the principal purpose of the service is judged not to be international travel.

- **Occasional services:** EU operators would be allowed to access the UK with vehicles holding a certified copy of their operator’s Community Licence, and a control document (form detailing their route.) These documents would retain the same format set out in EU regulation 1073/2009.

**The introduction of the regulation is considered to be a ‘non qualifying’ measure. It is exempted from deemed qualifying as the EANDCB of the preferred option is expected to fall well below the £5m threshold.**

**Monetised and non-monetised costs and benefits of each option (including administrative burden)**

The only impact monetised in this impact assessment is the costs to the International Road Freight Office (IRFO) of introducing the regulation, which is relative both baselines. There will also be a benefit to passengers from the regulation compared to the do nothing scenario (baseline 0.2). This benefit has not been monetised, but it has been included as a non-monetised benefit.

**Costs and benefits of Scenario 1: The Common rules for access to the international market for coach and bus services (Amendment etc) (EU Exit) Regulations 2019**

**Costs to Government**

In this scenario, EU coach operators will need to apply to the IRFO directly for authorisations of regular services. This will impose additional costs on the IRFO, as they will have to directly approve or reject the authorisations (currently this is done by the competent authority in the relevant member state.). Since there is uncertainty around the size of these costs we have estimated the costs under three scenarios: low, medium, and high.

The number of applications the IRFO will have to deal with is uncertain. The current IRFO database includes authorisations for approximately 180 services run by EU operators. However, it is not clear if all of these are still in use or which number of services will need to reapply for authorisation. Authorisations for Northern Irish services are provided by the Driver and Vehicle Agency rather than the IRFO, and are included within our estimates. We have therefore varied the number of authorisation applications between scenarios (as shown in Table 1.)

Each authorisation lasts 5 years so we assume that for every service the operator applies for 2 authorisations over the 10 year period. As some of the current authorisations appear to be out of date we assume in the central scenario there are 150 (rather than 183) services and therefore 300 applications for authorisations (150 in 2019 and 150 in 2024.)

**Table 1: Number of Applications for Authorisations**

Scenario	Low	Medium	High
<b>Number of applications for authorisations</b>	150	300	600

There is also uncertainty around the amount of additional time it would take the IRFO to approve authorisations. The IRFO would apply the criteria set out in EU regulations 1073/2009 Article 8.<sup>5</sup> The IRFO estimated that it takes 7 hours to approve authorisations and we have used this as the central scenario. We have varied the number of hours it takes in the two other scenarios.

**Table 2: Additional number of hours taken to approve authorisations**

<sup>5</sup> As set out in footnote 5



Scenario	Low	Medium	High
<b>Number of hours taken to approve authorisations</b>	3.5	7	14

Workers at the IRFO are assumed to be paid at £11.36 an hour. This is based on the average hourly wage of “Administrative Occupations” in the 2016 ONS Annual Survey of Hourly Earnings dataset inflated. The wage is inflated to 2019 prices using the GDP deflator.<sup>6</sup>

**Table 3: Costs to government (undiscounted)**

Scenario	Low	Medium	High
<b>Number of applications for authorisations</b>	£6,000	£23,900	£95,500 <sup>7</sup>

We have discounted the cost over a 10 year appraisal period from 2019-2028. We assume that operators apply for one authorisation in 2019 and one in 2024, as authorisations last 5 years.<sup>8</sup>

**Table 4: Costs to government (discounted)**

Scenario	Low	Medium	High
<b>Number of applications for authorisations</b>	£5,500	£22,000	£87,900

## Costs to Operators

The regulation will introduce additional costs for EU operators. They will need to send the documents for their authorisations to a foreign government body rather than domestically. This means they may face additional costs such as familiarisation, postage and translation. However, since EU operators are not based in the UK, these additional costs are outside the scope of this impact assessment. There will be no additional costs (including familiarisation costs) to UK operators, as these regulations do not affect the process for UK operators authorising their services.

### *Summary assessment relative to the current arrangements*

The Government’s objective is to agree a liberal access deal with the EU. The advantage of introducing this legislation is that that it would provide certainty that the Government can issue the necessary documents to coach operators, so that they can provide services to passengers. The small impacts associated with introducing the legislation will be greatly offset by the benefits of introducing legislation compared to the alternative (do nothing).

### **Rationale and evidence that justify the level of analysis used in the IA (proportionality approach)**

This Impact Assessment provides an analysis of a regulation that gives the UK government authority to unilaterally grant access to the UK to EU coach operators. The analysis uses the best available data to inform the costs and benefits of the regulation and follows the HMT Green Book guide to appraisal as far as possible. We have gathered evidence for this impact assessment from a large number of interviews with coach operators and desktop research. However, there is insufficient data to estimate the impacts of

<sup>6</sup> ONS ASHE 2016 Table 2:  
<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/occupation2digitsocashetable2>

<sup>7</sup> Rounded to the nearest 100. All costs are assumed to be in

<sup>8</sup> The costs have been inflated to be in 2019 prices. The discounting base year is also 2019 and we have used a discount rate of 3.5% as recommended by the Green Book.

this regulation precisely. We have therefore provided estimates for the impact under a range of scenarios.

### **Risks and assumptions**

1. There is uncertainty around the number of authorisation application the International Road Freight Office will deal with. We have therefore estimated impacts for three scenarios over a wide range from 75 applications to 300 applications (nearly double the current number of authorisations.)
2. There is also uncertainty around how much resource is required to approve an authorisation. Officials in the IRFO estimated that it would take 7 hours, which we have used as the central scenario. We have used 3.5 hours as the low scenario and 14 hours as the high scenario. This represents the uncertainty around this figure.
3. There is a risk that the UK will leave the EU without a deal providing market access for international coach services. This regulation will mitigate against this risk and ensure that UK residents can travel abroad and tourists can visit the UK.
4. We have inflated all costs to 2019 prices and all costs are discounted to 2019 as a base year.

### **Small and Medium Business Assessment:**

There are no costs to UK businesses from this regulation and therefore we have not carried out a small and medium business assessment.

### **Summary and preferred option with description of implementation plan**

The preferred option (The Common rules for access to the international market for coach and bus services (Amendment etc.) (EU Exit) Regulations 2019) will ensure that in the event of a no-deal scenario, EU buses and coaches will be able to operate into the UK. While the Government expects to reach an agreement on a future partnership with the EU, and also intends that the UK will join the Interbus Agreement, these regulations provide a backstop to protect important services and passengers.

The regulations will come into force when the UK leaves the EU. The Department for Transport will work with the International Road Freight Office / Driver and Vehicle Standards Agency to ensure that any amendments to processes are identified and made in time.

EU operators will need to be made aware of the provisions, and we anticipate doing this via a communication to other Member States and information on Gov.UK. This will include confirmation of the paperwork which vehicles will need to carry, how to make an application for a regular service authorisation, and that pre-existing regular service authorisations will be recognised as valid until their expiry date. We anticipate doing this in February/March 2019.